GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3918
ANSWERED ON:20.03.2015
TONNAGE TAX SYSTEM
Puttaraju Shri C.S.

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has introduced Tonnage Tax System (TTS);

(b) if so, the details thereof;

(c) whether Tonnage Tax System is optional for the Shipping Companies, if so, the details thereof and if not, the reasons therefor; and

(d) the details of companies having opted the TTS?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA)

(a) Yes Madam. The Finance Act (No.2), 2004 introduced Tonnage Tax System (TTS) for taxation of income derived from shipping activities by an Indian Company.

(b) A new Chapter XII-G (containing sections from 115V to 115VZC) was inserted in the Income-tax Act, 1961 to provide for special provisions relating to taxation of shipping companies with effect from the assessment year 2005-06.

(c) The Tonnage Tax System is an optional scheme for a qualifying Indian shipping company. Under the scheme, an existing qualifying company was allowed to opt for the scheme during the period from 1st October, 2004 to 31st December 2005 ('initial period'). A company incorporated after the initial period or a company incorporated before the initial period but which becomes a qualifying company for the first time after the initial period may opt for the scheme within three months of the date of its incorporation or the date on which it becomes a qualifying company, as the case may be.

(d) The number (assessment-year wise) of the companies which have disclosed income under Chapter XII-G (special provisions relating to income tax shipping companies) of the Income-tax Act, as per the income tax returns filed by the companies, is as under:-

Assessment Year	Number of companies which disclosed income under the Chapter XII-G of the Income-tax Act, in income-tax return filed.
2012-13	64
2013-14	54
2014-15	46